

SERFF Tracking Number: WESA-126697564 State: District of Columbia
 Filing Company: Darwin National Assurance Company State Tracking Number:
 Company Tracking Number: 2010-7010-R
 TOI: 11.0 Medical Malpractice - Claims Sub-TOI: 11.0026 Psychiatry
 Made/Occurrence
 Product Name: Psychiatrists Professional and General Business Liability
 Project Name/Number: Psychiatrists Professional and General Business Liability/2010-7010-R

Filing at a Glance

Company: Darwin National Assurance Company

Product Name: Psychiatrists Professional and General Business Liability SERFF Tr Num: WESA-126697564 State: District of Columbia

TOI: 11.0 Medical Malpractice - Claims SERFF Status: Closed-APPROVED State Tr Num:

Made/Occurrence

Sub-TOI: 11.0026 Psychiatry

Co Tr Num: 2010-7010-R

State Status:

Filing Type: Rate/Rule

Author: Westmont Associates

Reviewer(s): Robert Nkojo

Date Submitted: 06/28/2010

Disposition Date: 10/19/2010

Disposition Status: APPROVED

Effective Date Requested (New): On Approval

Effective Date (New):

Effective Date Requested (Renewal): On Approval

Effective Date (Renewal):

State Filing Description:

General Information

Project Name: Psychiatrists Professional and General Business Liability Status of Filing in Domicile: Not Filed

Project Number: 2010-7010-R

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 10/19/2010

State Status Changed:

Deemer Date:

Created By: Westmont Associates

Submitted By: Westmont Associates

Corresponding Filing Tracking Number: 2010-7010-F

Filing Description:

Enclosed please find attached the Company's updated rates filing for its Psychiatrists Professional and General Liability Program. A letter permitting Westmont Associates, Inc. to submit this filing on the Company's behalf is enclosed.

The Company writes this program through its administrator, the American Professional Agency, Inc. (APA Inc.), which manages the registered risk purchasing group in your jurisdiction, Professional Counselors Purchasing Group, Inc. The administrator has recently garnered the sponsorship of the American Psychiatric Association (APA). The changes the Company is proposing are meant to enhance and more closely align its program to its competitor whose program administrator previously had the endorsement of the APA. Please refer to the attached materials for additional information.

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The forms to be used in coordination with the enclosed rates have been filed under separate cover letter as company filing number 2010-7010-F.

Your approval and/or acknowledgement of this submission is respectfully requested. If you have any questions regarding this submission, please let me know. Thank you for your attention to this matter

Company and Contact

Filing Contact Information

Wesley Pohler, AVP wes@westmontlaw.com
25 Chestnut Street 856-216-0220 [Phone]
Suite 105 856-216-0303 [FAX]
Haddonfield, NJ 08033

Filing Company Information

(This filing was made by a third party - westmontassociatesinc)

Darwin National Assurance Company	CoCode: 16624	State of Domicile: Delaware
9 Farm Springs Road	Group Code:	Company Type: Property and Casualty
Farmington, CT 06032	Group Name:	State ID Number:
(860) 284-1300 ext. [Phone]	FEIN Number: 56-0997452	

Filing Fees

Fee Required? No
Retaliatory? No
Fee Explanation:
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Darwin National Assurance Company	\$0.00		

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
APPROVED	Robert Nkojo	10/19/2010	10/19/2010

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Status request	Note To Reviewer	Westmont Associates	10/14/2010	10/14/2010
Status request	Note To Reviewer	Westmont Associates	09/15/2010	09/15/2010
Status request	Note To Reviewer	Westmont Associates	09/09/2010	09/09/2010
Status request	Note To Reviewer	Westmont Associates	08/23/2010	08/23/2010

SERFF Tracking Number: WESA-126697564 State: District of Columbia
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Disposition

Disposition Date: 10/19/2010

Effective Date (New):

Effective Date (Renewal):

Status: APPROVED

Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Darwin National Assurance Company	-35.400%	-17.300%	\$-21,806	28	\$137,319	-26.300%	-15.000%
	Percent Change Approved:						
	Minimum:	%	Maximum:	%	Weighted Average:		%

SERFF Tracking Number: WESA-126697564 State: District of Columbia

Filing Company: Darwin National Assurance Company State Tracking Number:

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TOI: 11.0 Medical Malpractice - Claims Sub-TOI: 11.0026 Psychiatry

Made/Occurrence

Product Name: Psychiatrists Professional and General Business Liability

Project Name/Number: Psychiatrists Professional and General Business Liability/2010-7010-R

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Cover Letter All Filings		Yes
Supporting Document	Consulting Authorization		Yes
Supporting Document	Actuarial Certification (P&C)		Yes
Supporting Document	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)		Yes
Supporting Document	District of Columbia and Countrywide Loss Ratio Analysis (P&C)		Yes

Note To Reviewer

Westmont Associates on 10/14/2010 03:07 PM

Westmont Associates

10/14/2010 03:07 PM

Status request

Please provide me with an updated status of this submission.

Wes

SERFF Tracking Number: WESA-126697564 *State:* District of Columbia
Filing Company: Darwin National Assurance Company *State Tracking Number:*
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Made/Occurrence
Product Name: Psychiatrists Professional and General Business Liability
Project Name/Number: Psychiatrists Professional and General Business Liability/2010-7010-R

Note To Reviewer

Created By:

Westmont Associates on 09/15/2010 08:16 AM

Last Edited By:

Westmont Associates

Submitted On:

09/15/2010 08:16 AM

Subject:

Status request

Comments:

Please provide us with an updated status for this submission. Thank you.

Wes

Note To Reviewer

Westmont Associates on 09/09/2010 03:58 PM

Westmont Associates

09/09/2010 03:58 PM

Status request

Please provide me with an updated status for this submission.

Note To Reviewer

Westmont Associates on 08/23/2010 12:53 PM

Westmont Associates

08/23/2010 12:53 PM

Status request

Please provide us with an updated status for this submission.

Wes

SERFF Tracking Number:	WESA-126697564	State:	District of Columbia
Filing Company:	Darwin National Assurance Company	State Tracking Number:	
Company Tracking Number:	2010-7010-R		
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Rate Information

Rate data applies to filing.

Filing Method:	File and Use
Rate Change Type:	Decrease
Overall Percentage of Last Rate Revision:	0.000%
Effective Date of Last Rate Revision:	
Filing Method of Last Filing:	File and Use

Company Rate Information

Company Name:	Company Rate Change:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Darwin National Assurance Company	N/A	-35.400%	-17.300%	\$-21,806	28	\$137,319	-26.300%	-15.000%

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Supporting Document Schedules

	Item Status:	Status Date:
<p>Satisfied - Item: Cover Letter All Filings</p> <p>Comments: Attached is the cover letter.</p> <p>Attachment: DC Letter - Rates.doc.pdf</p>		
<p>Satisfied - Item: Consulting Authorization</p> <p>Comments:</p> <p>Attachment: letter of authorization.pdf</p>		
<p>Satisfied - Item: Actuarial Certification (P&C)</p> <p>Comments: Please refer to the documents attached below.</p>		
<p>Satisfied - Item: District of Columbia and Countrywide Experience for the Last 5 Years (P&C)</p> <p>Comments:</p> <p>Attachments: Actuarial Package.pdf Experience Exhibit.pdf</p>		

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Item Status:

**Status
Date:**

Bypassed - Item: District of Columbia and
Countrywide Loss Ratio Analysis
(P&C)
Bypass Reason: This requirement does not apply.
Comments:



June 28, 2010

District of Columbia Department of Insurance
Property and Casualty Division
Rates Review Section

RE: **Darwin National Assurance Company**
NAIC #: 16624 FEIN #: 56-0997452
Psychiatrists Professional and General Liability Program
Submission of Updated Rates
Effective Date: Upon Approval/or Acknowledgement
Filing Number: 2010-7010-R

To Whom It May Concern:

Enclosed please find attached the Company's updated rates filing for its Psychiatrists Professional and General Liability Program. A letter permitting Westmont Associates, Inc. to submit this filing on the Company's behalf is enclosed.

The Company writes this program through its administrator, the American Professional Agency, Inc. (APA Inc.), which manages the registered risk purchasing group in your jurisdiction, Professional Counselors Purchasing Group, Inc. The administrator has recently garnered the sponsorship of the American Psychiatric Association (APA). The changes the Company is proposing are meant to enhance and more closely align its program to its competitor whose program administrator previously had the endorsement of the APA. Please refer to the attached materials for additional information.

The forms to be used in coordination with the enclosed rates have been filed under separate cover letter as company filing number 2010-7010-F.

Your approval and/or acknowledgement of this submission is respectfully requested. If you have any questions regarding this submission, please let me know. Thank you for your attention to this matter.

Respectfully Submitted,

Wesley Pohler

Wesley Pohler
Assistant Vice-President
wes@westmontlaw.com

Enclosures

cc: N. Stepanski – Westmont
M. Mourad - DNAC



February 24, 2010

RE: Darwin National Assurance Company
NAIC#: 16624
FEIN#: 56-0997452
Letter of Authorization
Filing of Forms, Rates and Rules

In accordance with the applicable statutes and regulations of your state, Nancy Stepanski, Wesley Pohler, Jennifer Waldron and Westmont Associates, Inc. are hereby authorized to file form, rate and rule filings on behalf of the Company.

Sincerely,

A handwritten signature in blue ink that reads "John R. Wilkens".

John Wilkens, CPCU
AVP - Senior Regulatory & Compliance Specialist
Darwin National Assurance Company
199 Water Street, 24th Floor
New York, New York 10038
(646) 794-0580
(646) 794-0610 (Fax)
john.wilkens@awac.com



Darwin National Assurance Company
is a subsidiary of Allied World Assurance
Company Holdings, Ltd

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E. info@darwinpro.com
www.darwinpro.com

Darwin National Assurance Company
Psychiatrists Professional and General Business Liability

Explanatory Memorandum

Darwin National Assurance Company ("Darwin") proposes several changes to its Psychiatrists Professional and General Business Liability program rates in the state of District Of Columbia. The overall impact of the changes listed below is -17.3%, supported by an indicated rate change of -35.4%.

We write this program through our administrator, the American Professional Agency, Inc. (APA Inc.). They have recently garnered the sponsorship of the American Psychiatric Association (APA). The changes we are proposing are meant to enhance and more closely align our program to that of the National Union Fire Insurance Company of Pittsburgh, PA. (AIG), the company whose program administrator previously had the endorsement of the APA.

Proposed Revisions To Rates

- 1) Base Rate: We propose to reduce the base rate by 15%. See Exhibit 1 for the current and proposed rates.
- 2) Claims Made Step Factors: We propose reductions of 30% for the first year and 13.3% for the 2nd year factors, with an overall impact of -2.7%. The revised set of factors match those of AIG. See Exhibit 2 for details.

Proposed Additional Rating Elements (These have no impact to our current insureds.)

- 1) Occurrence factor: In conjunction with our introduction of an occurrence form, we propose a factor for this form of 1.11 off of the fully mature claims-made rate. This matches the differential between AIG's fully mature claims-made base rate and their occurrence base rate.
- 2) Limit options: For the limits we currently offer, our increased limit factors match AIG's. We propose to expand our limit offerings at the same factor levels as AIG. See Exhibit 3, Section A, for details.
- 3) Defense costs related to licensing board investigation: We propose to add a 50,000 limit to the options for increasing this coverage above the base. The rate of \$110 was estimated judgmentally based on the charges at the lower limits. See Exhibit 3, Section B, for details.
- 4) Neurology practice charges: In conjunction with the introduction of this optional coverage, we propose charges equivalent to those used by AIG. Please see Exhibit 3, Section C, for details.
- 5) Member in Training (MIT) credit: We propose a 50% credit for an insured who has been classified as an MIT by the APA. This is the same credit that is offered by AIG.
- 6) New business credit: We propose a 10% credit for a policyholder applying to Darwin for the first time that has been claim free for the past twelve months. This is similar to the new business credit used in the Darwin Psychologist Program.
- 7) Practice setting schedule rating factor: We propose to expand the range of this factor from a 0% to 25% debit to a 10% credit to a 25% debit.

Other Rule Changes (These have no impact to our current insureds.)

- 1) Tail Coverage: We propose revisions to the eligibility for free Extended Reporting Period coverage. Please see Exhibit 4 for the exact mark-up of the rule.
- 2) Child Credit: We propose to delete the requirement of membership in the American Academy of Child and Adolescent Psychiatry in order to be eligible for the child and adolescent credit. The other criteria of having a patient base that is less than 50% adult psychiatry will remain in place.
- 3) Credit Combinations: We propose to add the restriction that only one of the part-time, prep, or MIT discounts can apply to each insured.

Darwin National Assurance Company
Psychiatrists Professional and General Business Liability

Explanatory Memorandum

Actuarial Indication Methodology (see Indication Exhibits)

Exhibit 1 shows the calculations of the indicated rate change which is based on the loss ratio method. We used the Bornhuetter-Ferguson method for estimating ultimate loss ratios with the initial expected loss ratio equal to the permissible loss ratio for this program. Due to the relatively short history of the program loss development factors are averaged with those from industry aggregate Schedule P data as of 12/31/09 for medical malpractice claims made. The triangles and selected factors are shown on Exhibit 2. Trend is based on historical countrywide data for the program. Earned premiums were brought to current rate levels using the parallelogram method. Due to the low statewide volume of premium, the projected loss and LAE ratio is credibility weighted with the countrywide projected loss and LAE ratio. Credibility is based on a full credibility standard of 1,082 claims and the square root rule.

As Darwin is a relatively new company established in 2004, we have a limited amount of historical experience upon which to base our expense assumptions. In addition, our historical expense ratios are distorted by our start-up costs as well as inter-company pooling arrangements that were in place in prior years. Exhibit 3 shows Darwin's expense history along with our selected expense assumptions. The selected commission rate reflects the agreed commission rate for the single agent administering this program. The general and other acquisition assumptions are based on Darwin's budgeted amounts. The profit load is determined based on a discounted cash flow model further described below.

Exhibit 4 shows our model used to calculate the profit load underlying our proposed rates. This model uses a discounted cash flow methodology and reflects federal income tax and investment income on cash flow and surplus. Darwin targets an after-tax return on equity ("ROE") of 15% per year which is the ROE we feel is required to attract and retain capital and to support a financially strong underwriter of medical malpractice business. We selected 3.74% as our investment rate based on the average 10-year treasury bond rate for the 6 months ending 3/31/2010. Our premium-to-surplus ("P/S") ratio of 1.33 was judgmentally selected.

Darwin National Assurance Company
Psychiatrist Professional and General Business Liability

Exhibit 1

Base Rates - Territory 1, Fully Mature Claims Made, 1M/3M Limits
District Of Columbia

<u>Current</u>	<u>Proposed</u>	<u>% Change</u>
10,000.00	8,500.00	-15%

Darwin National Assurance Company
Psychiatrist Professional and General Business Liability

Exhibit 2

Claims-Made Step Factors
District Of Columbia

C-M Year	Current Factor	Proposed Factor	% Change
1	0.5	0.35	-30.0%
2	0.75	0.65	-13.3%
3	0.85	0.85	0.0%
4	0.95	0.95	0.0%
5+	1	1	0.0%
Overall Impact:			-2.7%

* Impact assumes C-M year distribution of prospective
period's book is same as distribution of current book

Darwin National Assurance Company
Psychiatrist Professional and General Business Liability

Exhibit 3

Additional Rating Elements
District Of Columbia

Section

A Limits Options

<u>Limit</u>	<u>Current ILF</u>	<u>Proposed ILF = AIG, re-based to 1M/3M</u>
100K/300K	(new limit)	0.670
200K/600K	(new limit)	0.750
250K/750K	(new limit)	0.770
300K/900K	(new limit)	0.800
400K/1.2M	(new limit)	0.850
500K/1.5M	0.950	no change
1M/1M	0.970	no change
1M/3M	1.000	no change
2M/4M	1.250	no change
2M/6M	(new limit)	1.280

B Defense Costs Related to Licensing Board Investigations Options

<u>Additional Limit</u>	<u>Current Premium</u>	<u>Proposed Premium</u>
10,000	\$75	no change
25,000	\$95	no change
50,000	(new limit)	\$110

C Neurology Practice Charges

	<u>Proposed Premium - AIG</u>
Without special procedures	2 X Psychiatrist Base Premium
With special procedures	4 X Psychiatrist Base Premium

Darwin National Assurance Company
Psychiatrist Professional and General Business Liability

Exhibit 4

Extended Reporting Period
District Of Columbia

The portion of the Extended Reporting Rule, dealing with eligibility for free coverage, is changed as follows (strikethroughs are deletions, underlines are additions):

Extended reporting period coverage will be granted upon request for no additional premium in the event of:

- A. The death of the named insured while his/her policy is in force
- B. The total and permanent disability of the named insured when the disability commences while the policy is in force.
- C. Retirement of the named insured if they have permanently retired from the practice of medicine, is at least 55 years of age, and has been continuously insured with the Company for at least 5 years. ~~However for those accounts that are existing client of American Professional Agency as of September 30, 2004 the requirement to have been continuously insured with the Company will be waived provided that either the named insured has been continuously insured with a claims made policy through American Professional Agency for at least 5 years or has been insured by the Company for at least 2 consecutive years. However, for those accounts that were insured in the American Psychiatric Association program immediately preceding first obtaining coverage with the Company on a Claims Made basis, credit will be given for all such years of continuous coverage in such Association program provided that the account has been continuously insured by the Company for at least one full year.~~
- D. An account continuously insured with the Company for at least 10 years and with no prior claims during that period. However, for those accounts that were insured in the American Psychiatric Association program immediately preceding first obtaining coverage with the Company on a Claims Made basis, credit will be given for all such years of continuous coverage in such Association program provided that the account has been continuously insured by the Company for at least one full year.

Darwin National Assurance Company
Psychiatrist Professional and General Business Liability

Indication Exhibit 1

Indicated Rate Change

(1) (2) (3) (4) (5) (6) (7) (8) (9)

District Of Columbia

Statewide

<u>Report Year</u>	<u>EP at Curr Rates</u>	<u># Claims</u>	<u>Reported Loss</u>	<u>Reported Loss Ratio</u>	<u>LDF</u>	<u>Initial Expected Ultimate</u>	<u>BFM Ultimate</u>	<u>Trend</u>	<u>Trended Ultimate Loss Ratio</u>
2005	65,082	0	0	0.0%	1.000	0.667	0	1.422	0.0%
2006	107,976	1	5,000	4.6%	1.000	0.667	5,000	1.341	6.2%
2007	127,809	0	0	0.0%	1.007	0.667	555	1.265	0.5%
2008	133,206	2	0	0.0%	1.108	0.667	8,665	1.193	7.8%
2009	123,225	1	0	0.0%	2.098	0.667	43,014	1.125	39.3%
Total	557,297	4							11.9%
			(10)	ULAE					1.047
			(11)	Projected Loss + LAE Ratio					12.4%
			(12)	Credibility					6.1%
			(13)	Cred wtd LR					43.1%
			(14)	Permissible Loss Ratio					66.7%
			(15)	Indication					-35.4%

Countrywide

<u>Report Year</u>	<u>EP at Curr Rates</u>	<u># Claims</u>	<u>Reported Loss</u>	<u>Reported Loss Ratio</u>	<u>LDF</u>	<u>Initial Expected Ultimate</u>	<u>BFM Ultimate</u>	<u>Trend</u>	<u>Trended Ultimate Loss Ratio</u>
2005	10,908,174	95	3,219,082	29.5%	1.000	0.667	3,219,082	1.422	42.0%
2006	18,155,762	170	4,178,841	23.0%	1.000	0.667	4,178,841	1.341	30.9%
2007	19,044,044	164	4,866,438	25.6%	1.007	0.667	4,949,073	1.265	32.9%
2008	19,952,770	185	5,572,050	27.9%	1.108	0.667	6,869,911	1.193	41.1%
2009	19,106,734	180	2,148,533	11.2%	2.098	0.667	8,818,075	1.125	51.9%
Total	87,167,485	794							39.6%
			(10)	ULAE					1.047
			(11)	Projected Loss and LAE Ratio					41.5%
			(12)	Credibility					85.7%
			(13)	Cred Wtd LR					45.1%
			(14)	Permissible Loss Ratio					66.7%
			(15)	Indication					-32.4%

Notes:

(3) Evaluated as of 3/31/2010

(4) = (3) / (1)

(5) See Exhibit 2

(6) = Permissible Loss Ratio

(7) = (6) * (1) * [1-1/(5)] + (3)

(8) 6.1% annual trend (see Exhibit 5) from the midpoint of the experience period to a year after an assumed effective date of 7/1/2010.

(9) = (8) * (7) / (1)

(10) See Exhibit 3b

(11) = (9), weighted on EP at current rates * (10)

(12) Square Root Method using 1082 claims as full credibility standard

(13) = [(12) * (11)] + { [1-(12)] * ((13)_{CW if state} or (14) if CW) }

(14) See Exhibit 3a

(15) = (13) / (14) - 1

Darwin National Assurance Company
Psychiatrist Professional and General Business Liability

Indication Exhibit 2

Loss Development

Darwin Psychiatrist						
Reported Loss and ALAE						
AY	15	27	39	51	63	75
2004	15,000	21,838	21,838	21,838	21,838	21,838
2005	950,790	3,102,703	4,056,944	3,445,226	3,219,082	
2006	3,710,289	3,967,099	3,307,903	4,178,841		
2007	1,561,392	3,898,464	4,866,438			
2008	1,637,707	5,572,050				
2009	2,148,533					
LDF's						
AY	15-27	27-39	39-51	51-63	63-75	
2004	1.456	1.000	1.000	1.000	1.000	
2005	3.263	1.308	0.849	0.934		
2006	1.069	0.834	1.263			
2007	2.497	1.248				
2008	3.402					
5 Yr,x-Hi/Lo	2.405	1.124	1.000			
Selected	2.405	1.124	1.000	1.000	1.000	
(1) Cumulative	2.704	1.124	1.000	1.000	1.000	

Industry Schedule P Medical Malpractice										
Reported Loss and ALAE										
AY	12	24	36	48	60	72	84	96	108	120
2000	2,317,724	3,444,426	4,099,874	4,255,911	4,206,370	4,205,056	4,207,341	4,142,289	4,131,044	4,157,121
2001	2,557,874	3,991,906	4,642,515	4,758,535	4,830,147	4,775,902	4,680,297	4,671,942	4,638,888	
2002	2,619,603	4,084,449	4,640,928	4,843,454	4,796,175	4,687,820	4,650,469	4,646,508		
2003	2,404,749	3,629,586	3,975,559	4,012,253	3,886,615	3,902,321	3,857,254			
2004	2,248,321	3,274,355	3,592,134	3,571,169	3,469,437	3,431,946				
2005	2,209,428	3,288,740	3,569,823	3,607,175	3,603,111					
2006	2,073,332	3,110,517	3,445,446	3,558,903						
2007	2,088,522	3,158,234	3,510,778							
2008	2,173,992	3,390,658								
2009	2,159,198									
LDF's										
AY	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	
2000	1.486	1.190	1.038	0.988	1.000	1.001	0.985	0.997	1.006	
2001	1.561	1.163	1.025	1.015	0.989	0.980	0.998	0.993		
2002	1.559	1.136	1.044	0.990	0.977	0.992	0.999			
2003	1.509	1.095	1.009	0.969	1.004	0.988				
2004	1.456	1.097	0.994	0.972	0.989					
2005	1.489	1.085	1.010	0.999						
2006	1.500	1.108	1.033							
2007	1.512	1.112								
2008	1.560									
5 Yr,x-Hi/Lo	1.500	1.100	1.018	0.987	0.993	0.990	0.998			
Selected	1.500	1.100	1.018	1.000	1.000	1.000	1.000	1.000	1.000	
Cumulative	1.679	1.119	1.018	1.000	1.000	1.000	1.000	1.000	1.000	
(2) Interpolated CDFs										
	15 - Ult	27 - Ult	39 - Ult	51 - Ult	63 - Ult	75 - Ult	87 - Ult	99 - Ult		
(2) Interpolated CDFs	1.493	1.092	1.013	1.000	1.000	1.000	1.000	1.000		

(3) Final Selected **2.098 1.108 1.007 1.000 1.000** 1.000 1.000 1.000

(3) = Average of (1) and (2)

Darwin National Assurance Company
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Indiction Exhibit 3a

Development of Permissible Loss Ratio

		<u>Medical Malpractice (Line 11)</u>				
		<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>3 Year</u>	<u>Selected</u>
(1)	Commission ¹	28.4%	34.3%	26.8%	29.5%	20.0% ²
(2)	Contingent Commission					1.0% ²
(3)	Taxes, Licensing and Fees ¹	2.3%	2.5%	2.0%	2.3%	2.3%
(4)	Pre-Tax Profit and Contingency Loading	-	-	-	-	5.0% ⁴
(5)	General Expenses ¹	3.2%	20.2%	4.6%	8.7%	5.0% ³
(6)	Other Acquisition ¹	1.4%	12.7%	14.5%	9.8%	0.0% ³
(7)	Total Expense	35.2%	69.7%	48.0%	50.2%	33.3%
(8)	Permissible LR = 1 - (7)	64.8%	30.3%	52.0%	49.8%	66.7%

¹ Statutory Page 14 Countrywide.

² The selected rate equals the agreed commission rates.

³ The selected general and other acquisition expenses represent Allied World's budgeted amounts.

⁴ See Exhibit 4

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Indication Exhibit 3b

Calculation of Unallocated Loss Adjustment Expense Load

SCHEDULE P - Medical Malpractice Claims Made - INDUSTRY AGGREGATE

Years in Which Premiums Were Earned and Losses Were Incurred	(1)	(2)	(3)	(4)	(5)	(6)
	Paid Loss + DCC Direct and Assumed	Case Loss + DCC Direct and Assumed	IBNR Loss + DCC Direct and Assumed	Paid A&O Direct and Assumed	Unpaid A&O Direct and Assumed	Calendar Year Paid A&O/ Paid Loss+DCC
Prior	148,632	389,194	169,820	9,142	15,631	4.3%
1999	5,886,526	174,100	96,708	301,182	7,273	4.0%
2000	6,192,344	198,266	142,062	312,609	8,362	3.5%
2001	5,914,477	330,768	190,422	366,738	13,353	3.8%
2002	5,052,721	571,117	301,791	300,135	25,237	4.3%
2003	4,183,001	737,028	438,826	283,245	35,843	4.4%
2004	3,916,740	1,089,916	718,310	292,690	57,079	4.5%
2005	3,170,913	1,654,131	1,349,823	287,850	84,513	3.9%
2006	2,469,958	2,373,462	1,961,031	271,074	136,664	4.3%
2007	1,243,345	3,127,890	2,738,997	221,327	213,734	5.0%
2008	248,277	2,458,225	4,643,155	156,943	307,712	5.2%
Total	38,426,934	13,104,097	12,750,945	2,802,935	905,401	4.7%

<i>Selected</i>	4.7%
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Notes:

$$(6) = (5) / [(2) \times 0.5 + (3)]$$

Darwin National Assurance Company
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Indication Exhibit 4

Cash Flow Rate of Return Model

Expenses	(1) Commission	20.0%	
	(2) Cont. Comm	1.0%	
	(3) Other acq	0.0%	
	(4) General	5.0%	
	(5) Guarantee Fund	0.0%	
	(6) TLF	2.3%	
	(6) Total	28.3%	= (1) + (2) + (3) + (4) + (5)
	(7) Profit	5.0%	= (22)
	(8) Total incl. Profit	33.3%	= (6) + (7)
	(9) Permissible Loss Ratio	66.7%	= 100% - (8)
	(10) Target Loss Ratio	66.7%	= (9)
	(11) Investment Rate	3.7%	
	(12) Federal Tax Rate	35.0%	
	(13) Premium/Surplus Ratio	1.330	

		(14)	(15)	(16)	(17)
			Medical	Payout	Loss
		Month	Cum. Payout	Per Year	Payout Present Value
Cash Flow		12	4.2%	4.2%	2.8%
		24	22.8%	18.6%	12.4%
		36	46.2%	23.4%	15.6%
		48	65.0%	18.7%	12.5%
		60	77.0%	12.1%	8.0%
		72	84.8%	7.8%	5.2%
		84	90.0%	5.2%	3.5%
		96	93.5%	3.4%	2.3%
		108	95.2%	1.7%	1.1%
		120	96.0%	0.8%	0.5%
		132	98.0%	2.0%	1.3%
		148	100.0%	2.0%	1.3%
	Total			100.0%	66.7%
					57.2%

(18) **Investment Income as % of premium** 9.5%

Rate of Return	(19)	Target Loss Ratio	66.7%	= (10)
	(20)	Expense Ratio	28.3%	= (6)
	(21)	Combined Ratio	95.0%	= (19) + (20)
	(22)	UW Profit	5.0%	= 100% - (21)
	(23)	Inv. Income	9.5%	= (18)
	(24)	FIT	5.1%	= { (22) + (23) } x (12)
	(25)	Combined Ratio after Inv. Inc.	90.6%	= (21) - (23) + (24)
	(26)	UW Profit after Inv. Inc.	9.4%	= 100% - (25)
	(27)	UW return on Equity	12.5%	= (26) x (13)
	(28)	Inv. Inc. on Surplus	2.4%	= (11) x { 1 - (12) }
	(29)	Total Return on Equity	15.0%	= (27) + (28)

Notes: This is a discounted cash flow methodology used to determine the necessary underwriting profit needed to produce the desired target rate of return of 15%.
The model includes consideration for investment income on cash flow from underwriting as well as investment income on surplus. Surplus is determined using a premium to surplus ratio.
The loss payment pattern is derived from The industry Schedule P experience for medical malpractice claims made coverage evaluated through 2009.
The effect of Federal Income Tax on underwriting and investment income is also reflected.

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Indication Exhibit 5

Incurred Loss Trend

Report Year Ending:		Policies	Clm Cnts	Ult Incd Losses	Frequency	Severity
Year	Qtr					
2005	4	3675	95	3,268,070	2.6%	34,401
2006	1	3658	133	3,669,984	3.6%	27,594
2006	2	3626	156	5,729,003	4.3%	36,724
2006	3	3583	168	5,300,468	4.7%	31,550
2006	4	3557	170	4,317,072	4.8%	25,395
2007	1	3531	163	5,296,017	4.6%	32,491
2007	2	3494	171	4,302,943	4.9%	25,163
2007	3	3482	171	4,261,998	4.9%	24,924
2007	4	3471	164	5,196,829	4.7%	31,688
2008	1	3441	168	5,037,935	4.9%	29,988
2008	2	3418	175	5,663,178	5.1%	32,361
2008	3	3388	176	6,781,674	5.2%	38,532
2008	4	3381	185	6,979,130	5.5%	37,725
2009	1	3371	185	6,642,129	5.5%	35,903
2009	2	3335	182	5,340,184	5.5%	29,342
2009	3	3294	188	5,491,632	5.7%	29,211
2009	4	3251	180	4,729,514	5.5%	26,275
2010	1	3213	177	5,742,388	5.5%	32,443

Annual Change:

All Fitted	12.0%	0.6%
12 pt fitted	6.5%	4.1%
6 pt Fitted	1.2%	-17.6%
Selected	5.0%	1.0%
Selected Frequency X Severity Trend	6.1%	

District Of Columbia
P&C Rate/Rule Filing -- Required Experience

Year	Written Premium		Number of Policyholders		Historical Rate Changes	
	<u>DC</u>	<u>Countrywide</u>	<u>DC</u>	<u>Countrywide</u>	<u>DC</u>	<u>Countrywide</u>
2009	128,484	18,259,001	25	3,251	0.0%	0.0%
2008	126,837	19,635,201	26	3,381	0.0%	0.0%
2007	132,453	19,430,442	29	3,471	0.0%	-0.1%
2006	120,498	19,631,708	29	3,557	0.0%	-2.5%
2005	98,700	17,746,454	30	3,675	0.0%	0.0%